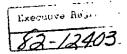
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Subject: (Optional) Special Termination Costs for NPIC						
FROM:	'NDIC			EXTENSION	NO.	1
D/NPIC					DATE	STA
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TO: (Officer designation, room number, and building)		DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)	
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7 OCT 1982

NOTE FOR: Executive Director

FROM:

Daniel A. Childs, Jr.

Comptroller

1. The attached proposal would adopt a "special termination clause" in contractual efforts associated with the NPIC upgrade. In effect, this would permit the use of total funding under the contract for actual work rather than setting aside specific amounts against a potential termination liability, which is normally the case. We are, in essence, creating a contingent liability which the Agency would be required to honor should the contract be terminated before completion. We understand there are a couple similar NPIC proposals with a total potential liability of Such contractual arrangements are fairly standard procedure in the Department of Defense but have been used rarely, if at all, in the Agency.

2. We also understand NPIC is hard pressed to accommodate their planned upgrade requirements within planned 1983/1984 funding levels and the contractual approach suggested would help ease this burden. We have examined this proposal very carefully with Finance, Logistics, and OGC and believe the risks are minimal and, in any case, are manageable. We, therefore, recommend your approval. As an aside, I intend to advise Logistics to ensure appropriate procedures are in place so we can be assured any similar proposals will come forward for your review and approval.

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Daniel A. Childs, Jr.



COMPT 82-1174

NPIC/D-354-82

MEMORANDUM FOR: Executive Director, CIA

THROUGH : Chief, Procurement Management Staff, DDS&T

Deputy Director for Science and Technology

Comptroller

FROM : R. P. Hazzard

Director, National Photographic Interpretation Center

SUBJECT : Special Termination Costs for NPIC

STAT STAT

- I. Pursuant to Defense Acquisition Regulation (DAR) 8-712, it is requested that approval be granted to include in the subject contract the Special Termination Costs Clause, DAR 7-108.3. This clause authorizes the contractor to not include in his estimate of costs incurred or to be incurred any amount for special termination costs (as defined in the clause). The inclusion of this clause in the subject contract is required in order to maintain the NPIC Development Program within the approved appropriation and prevent potential schedule impact.
- 2. Attached is a chart which reflects the maximum termination liability by Government fiscal year pertinent to the subject contract. Should there be any substantial changes to these figures during the contract period of performance, they will be brought to your attention.

R. P. HAZZARD

Attachment: As stated





SUBJECT: Special Termination Costs for NPIC/DPG Segment, Contract 82-B763800-000, Mart	Data and Control in Marietta Corporation
CONCUR:	
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Chief, Procurement Management Staff, DDS&T	4/82
Chief, Froculement Panagement Starr, bosai	STAT
24 9	SEP 1982
Deputy Director for Science and Technology	Date
	STAT
	OCT 1982 Date
APPROVED:	
ALL ROYES.	STAT
13	2 OCT 1982
Executive Director, CIA	Date
Distribution: Original - Addressee, w/att. (to be returned to NPIC/ 1 - Executive Director, CIA, w/att. 1 - Executive Secretariat, w/att. 1 - DDS&T, w/att. 1 - Comptroller, w/att. 1 - C/PMS/DDS&T, w/att. 2 - D/NPIC, w/att.	, STAT
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